A BETTER PATH FORWARD FOR IOWA TAX REFORM

CHANGES COULD SAVE TAXPAYERS NEARLY $1,250 EACH YEAR

THE PATH

If Iowa policy makers implemented additional tax reforms, the state would see an additional $610 million in economic growth and taxpayers could save nearly $1,250 annually.

The following four revenue-neutral scenarios would generate more economic growth for the state.

LET’S BREAK THIS DOWN

1 IF:
   • Personal income taxes cut to a top rate of 7.88%
   • Corporate income taxes cut to a top rate of 8.64%
   • Sales tax increased by just 1¢

THEN:
   • $250 million in economic growth in year one, taxpayers could save $242 annually

2 IF:
   • Iowa’s 2018 tax reforms are fully implemented
   • Personal income taxes cut to a top rate of 5.59%
   • Corporate income taxes remain unchanged
   • Sales tax increased by just 1¢

THEN:
   • $250 million in economic growth in year one, taxpayers could save $132 annually

3 IF:
   • Personal income taxes cut to a top rate of 5.5%
   • Corporate income taxes cut to a top rate of 6%
   • Sales tax increased by just 2.5¢

THEN:
   • $610 million in economic growth in year one, taxpayers could save $1,249 annually

4 IF:
   • Personal income taxes cut to a top rate of 5.5%
   • Corporate income taxes cut to a top rate of 6%
   • Eliminate $200 million in tax credits
   • Sales tax increased by just 2.1¢

THEN:
   • $450 million in economic growth in year one, taxpayers could save $1,259 annually

ABOUT THE RESEARCH:
A Better Path Forward for Iowa Tax Reform was authored by the Economic Research Center at The Buckeye Institute. The research was conducted using a double-blind, peer reviewed dynamic scoring model developed by economists at Buckeye’s Economic Research Center that shows policymakers how changes in tax and spending policies affect a state’s businesses, families, economy, and revenues.